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# **SMCA / MIBTF**

## **TIER I AND TIER II MEETINGS**

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## **OUTLINE**

- ☐ **BACKGROUND**
- ☐ **TIER II OVERVIEW**
- ☐ **TIER I OVERVIEW**
- ☐ **INDUSTRY CONCERNS**
  - STATUS OF THE BASE**
  - GLOBALIZATION**
  - MANAGEMENT OF AMMO FUNCTIONS**
  - EXPORTS**
- ☐ **GOVERNMENT INPUTS**
  - SECTION 806 IMPLEMENTATION PROCEDURE**
  - NAVY AMMO MANAGEMENT**
- ☐ **OBSERVATIONS AND RECOMMENDATIONS**

# **THE MUNITIONS INDUSTRIAL BASE TASK FORCE**

**MIBTF**



**AEROJET  
ALLIANT TECHSYSTEMS  
ARMTEC DEFENSE PRODUCTS  
BULOVA TECHNOLOGIES  
CHAMBERLAIN MANUFACTURING  
DAY & ZIMMERMANN  
GENERAL DYNAMICS  
KDI PRECISION PRODUCTS  
OLIN-WINCHESTER  
TALLEY DEFENSE  
TEXTRON SYSTEMS  
THIOKOL PROPULSION  
VALENTEC INTERNATIONAL**

**ADEQUATE FUNDING AND  
POLICIES TO SUSTAIN A  
RESPONSIVE CAPABLE U.S.  
MUNITIONS INDUSTRIAL BASE  
TO DEVELOP, PRODUCE, AND  
SUPPORT SUPERIOR MUNITIONS  
FOR THE U.S. AND ITS ALLIES.**

## **TIER I AND TIER II**

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- ❑ SMCA INDUSTRIAL BASE TASK FORCE**
- ❑ AUTHORIZED BY FORMAL CHARTER**
  - ORIGINATED IN 1994**
  - RENEWED BIANNUALLY**
- ❑ TIER I COMPOSITION**
  - CHAIRMAN: ARMY DEPUTY FOR AMMUNITION**
  - MEMBERS:**
    - + EACH SERVICE'S AMMO PRINCIPAL**
    - + OSC COMMANDER (SMCA OPERATOR)**
    - + ARMY ADCSOPS**
    - + OTHERS AS ISSUES DETERMINE**

## **TIER I AND TIER II**

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- PURPOSE: “DEVELOP RECOMMENDATIONS FOR THE SMCA WHICH ADDRESS ACTIONS THAT CAN BE TAKEN TO CURB THE DECLINING HEALTH OF THE MUNITIONS INDUSTRIAL BASE, AND FUNCTION AS THE FOCAL POINT FOR EXCHANGING PUBLICLY RELEASABLE AMMUNITION PRODUCTION BASE INFORMATION TO (WITH) THE PRIVATE SECTOR”**
  - “WILL . . . NOT ENGAGE IN . . . DECISION MAKING”**

## RECENT MEETINGS

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- ❑ TIER II : 5 DECEMBER 2000
- ❑ TIER I : 18 JANUARY 2001
- ❑ REQUESTED BY THE MIBTF TO :
  - REINVIGORATE COOPERATION
    - + PERSONNEL CHANGES
    - + ORGANIZATION CHANGES
    - + SERVICE PRIORITY CHANGES
  - SURFACE OUR CONCERNS
  - IDENTIFY THE CONCERNS OF OUR CUSTOMERS

## **TIER II MEETING**

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### **☐ MIBTF PRESENTATIONS**

- MIBTF BACKGROUND, ORGANIZATION, AND OPERATING PRACTICES / PHILOSOPHY**
- STATUS OF THE U.S. MIB**
- GLOBALIZATION**
- AMMUNITION MANAGEMENT**
- INTERNATIONAL SALES PROPOSALS**

### **☐ SMCA PRESENTATION**

- SECTION 806 IMPLEMENTATION**



## **TIER II MEETING HIGHLIGHTS**

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- ☐ **SECTION 806 IMPLEMENTATION PRESENTATION**
- ☐ **ARMY AMMO MANAGEMENT DISCUSSION**
- ☐ **SERVICE AMMO MANAGEMENT STRUCTURE DISCUSSION**
- ☐ **USASAC REACTION TO INDUSTRY AMMO EXPORT PROPOSALS**
- ☐ **DIALOGUE AND BETTER UNDERSTANDING**

**“GOOD MEETING; MUST DO MORE OFTEN”**

# **TIER I MEETING**

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- ☐ **MIBTF PRESENTATIONS**
  - VIRTUALLY IDENTICAL TO TIER II
  - INTERNATIONAL SALES PROPOSALS WERE NOT PRESENTED
- ☐ **NAVY PRESENTATION**
  - NAVAL SEA SYSTEMS COMMAND ORDNANCE STEWARDSHIP AND MANAGEMENT STRUCTURE
- ☐ **SMCA PRESENTATION**
  - SECTION 806 IMPLEMENTATION STATISTICS

# **TIER I MEETING HIGHLIGHTS**

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- ☐ **PARTICIPANTS AND NON-PARTICIPANTS**
- ☐ **SECTION 806 DISCUSSION**
- ☐ **NAVY AND AIR FORCE AMMO MANAGEMENT  
STRUCTURE AND CONCERNS**
- ☐ **ARMY MANAGEMENT DISCUSSION**

**“USEFUL MEETING; LET’S DO ANNUALLY”**

# **STATUS OF MUNITIONS BASE**

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## **□ PAST**

- ACTIONS BY DOD AND CONGRESS HALTED FREEFALL**
- DOD'S CONCERN AND COOPERATION WITH INDUSTRY  
KEY FACTOR**
- TIER I / II DIALOGUE INSTRUMENTAL**

## **□ PRESENT**

- SKY IS NOT FALLING; BASE ADEQUATE FOR MANY  
NEEDS, BUT VULNERABLE AND FAR FROM IDEAL**
- ALL DIMENSIONS OF THE MUNITIONS INDUSTRY AND  
THE BUSINESS MODEL HAVE BEEN DRAMATICALLY ALTERED**

## **□ FUTURE**

- TRANSITION TO CONTINUE**
- UNCERTAINTIES CAUSING CONCERN**

# INDUSTRY CONCERNS

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- ☐ MUNITIONS BASE TRANSITION IS BEING DRIVEN BY  
DRAMATIC CHANGES IN :
  - OPERATING ENVIRONMENT
  - BUDGET / PROGRAMS
  - GOVERNMENT STRUCTURE
  - PRIVATE SECTOR STRUCTURE
  - POLICIES
- ☐ CHANGES ARE OCCURRING SIMULTANEOUSLY,  
COMPLICATING PROBLEM-SOLVING
- ☐ CUMULATIVE EFFECT MAKES OBTAINING CAPITAL  
DIFFICULT, COMPANIES HESITANT TO PARTICIPATE  
AND IS CAUSING A DANGEROUS HOLLOWING OF THE BASE

# INDUSTRY PERSPECTIVE

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- ☐ **CORE ISSUE: HOW BEST TO MEET DOD TRAINING AND WAR-TIME MUNITIONS REQUIREMENTS**
- ☐ **MUNITIONS INDUSTRY NOT KEEPING PACE WITH TRANSFORMATION OF U.S. FORCES AND ADVENT OF NEW MISSIONS / OPERATIONAL SCENARIOS**
- ☐ **BASE CURRENTLY VIABLE, BUT IS INEFFICIENT AND IN NEED OF MODERNIZATION**
- ☐ **CURRENT POLICIES / FINANCES INADEQUATE TO FACILITATE THE TRANSITION TO MORE FLEXIBLE, RESPONSIVE MUNITIONS CAPABILITIES**
- ☐ **FUTURE OF BASE UNCERTAIN**

# **BATTELLE PNNL PERCEPTION OF DOD'S MANAGEMENT OF AMMUNITION**

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- ☐ **THE MANAGEMENT SYSTEM IS FRAGMENTED**
- ☐ **FUNDAMENTAL RISKS IN THE SYSTEM ARE  
DIFFICULT TO ADDRESS SINCE IT IS NOT CLEAR  
WHO IS RESPONSIBLE FOR ADDRESSING THEM**

**WHY IS THIS SIGNIFICANT ?**

- ☐ **THE AMMO BASE HAS UNIQUE SKILLS AND  
PRODUCTION ASSETS THAT NEED TO BE ACTIVELY  
MANAGED TO ASSURE CONTINUED AVAILABILITY**

# **INDUSTRY PERCEPTION OF DOD'S MANAGEMENT OF AMMUNITION**

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- ☐ **SERVICES' AMMO MANAGEMENT RESPONSIBILITIES  
AND AUTHORITIES REMAIN DIFFUSED**
- ☐ **OSD AMMO MANAGEMENT ORGANIZATION WEAKENED**
- ☐ **SMCA AUTHORITY WEAKENED**
  - SECTION 806 MAY RESTORE**



# INDUSTRY CONCERNS

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## MANAGEMENT

### ☐ AMMO BASE IS :

- UNIQUE
- CRITICAL TO ALL SERVICES
- COMMON TO ALL SERVICES

### ☐ AMMO MANAGEMENT :

- IS FRAGMENTED
  - + WITHIN SERVICES AND BETWEEN SERVICES
- LACKS CLOUT IN BUDGET PROCESS
  - + NO UNIFYING CONTROL OF ALL PLAYERS

### ☐ NO ALTERNATIVE MANAGEMENT STRUCTURE IN SIGHT

**SECTION 806 PROVIDES AMMO FOCAL POINT !**

# INDUSTRY CONCERNS

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- ☐ **INDUSTRY MUST CONTINUE TO INVEST**
  - FINISH RIGHTSIZING THE BASE**
  - TRANSFORM IN CONSONANCE WITH OUR CUSTOMERS**
- ☐ **INDUSTRY WILL INVEST IF POLICIES CONSISTENT, FUNDING ADEQUATE, BEHAVIOR PREDICTABLE**
- ☐ **LACK OF STRONG CENTRAL MANAGEMENT CREATES SUBOPTIMIZED DECISIONS, POLICIES, AND UNPREDICTABLE BEHAVIOR**
  - INVESTMENT IS VERY DIFFICULT TO JUSTIFY**
  - THE U.S. MIB MAY NOT BE ABLE TO FULFILL U.S. AMMUNITION NEEDS IN A TIMELY MANNER**

# INDUSTRY CONCERNS

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## GLOBALIZATION

- ❑ WHAT IS IT ?
  - FULL AND OPEN WORLDWIDE COMPETITION FOR U.S. DEFENSE PROCUREMENTS
- ❑ WHAT ARE THE OBJECTIVES OF GLOBALIZATION ?
  - ENHANCE INTEROPERABILITY WITH ALLIES
    - + CLOSE THE TECHNOLOGY GAP BETWEEN U.S. AND ALLIED CAPABILITIES
    - + OBTAIN ALLIES' TECHNOLOGY
  - INCREASE COMPETITION AND, THEREBY :
    - + SPUR INNOVATION
    - + IMPROVE QUALITY
    - + REDUCE COSTS

# GLOBALIZATION

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## WHY IS U.S. MUNITIONS INDUSTRY CONCERNED ?

- ❑ DOD OPENED U.S. DEFENSE MARKET WITHOUT REQUIRING RECIPROCITY FROM ALLIES
- ❑ INTERNATIONAL COMPETITIVE ENVIRONMENT IS NOT A “LEVEL PLAYING FIELD” FOR U.S. MUNITIONS COMPANIES
  - POLICIES, LAWS AND BUSINESS ENVIRONMENT
- ❑ U.S. MUNITIONS PRODUCERS ARE VULNERABLE
- ❑ WITHOUT PRODUCTION CONTRACTS, WE CANNOT COMPLETE TRANSITION TO FLEXIBLE, EFFICIENT BASE

# GLOBALIZATION

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## WHY SHOULD DOD BE CONCERNED ?

- ❑ AMMO IS ABSOLUTELY NECESSARY TO SUSTAIN COMBAT POWER
- ❑ DOD'S GLOBALIZATION INITIATIVE:
  - WILL NOT ACHIEVE STATED OBJECTIVES
  - PLACES U.S. MIB CAPABILITIES AT RISK
  - PLACES U.S. MIB'S ABILITY TO SUPPORT OUR ARMED FORCES AT RISK
  - PLACES U.S. AMMUNITION TECHNOLOGY EXPERTISE AT RISK
  - MAY PUT AMMUNITION SUPPORT OF U.S. ARMED FORCES IN THE HANDS OF OTHER COUNTRIES

**SECTION 806 HAS POTENTIAL TO MITIGATE IMPACT**

# INDUSTRY CONCERNS

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## EXPORTS

- ☐ U.S. MIB AMMO EXPORTS ARE HINDERED
  - BY USG COMPETITION
  - BY INDUSTRY'S INABILITY TO RESPOND
- ☐ INDUSTRY PROPOSALS
  - MITIGATE IMPACT OF GOVERNMENT AMMO SALES / TRANSFERS ON U.S. MIB MARKETING EFFORTS
  - ENHANCE EXPORTS THRU LIMITED INDUSTRY ACCESS TO GOVERNMENT AMMO INVENTORIES
- ☐ COMMENTS BY USASAC REPRESENTATIVE AT TIER II WERE UNSUPPORTIVE

**NEEDS FURTHER WORKING LEVEL DISCUSSIONS**

## SECTION 806

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- ❑ CONGRESSIONAL INTENT: PROVIDE A TOOL TO THE SMCA TO PRESERVE THE U.S. MIB
- ❑ SMCA IMPLEMENTATION: APPEARS TO BE CONSISTENT WITH INTENT OF THE LAW
- ❑ MIBTF REACTION: CONTINUE TO MONITOR IMPLEMENTATION; HELP IDENTIFY “AT RISK” CRITICAL CAPABILITIES; VIGOROUSLY OPPOSE ANY EFFORT TO REPEAL

POTENTIAL TO MITIGATE SOME GLOBALIZATION  
~~AND MANAGEMENT CONCERNS~~

# NAVY BRIEFING

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## NAVAL SEA SYSTEMS COMMAND ORDNANCE STEWARDSHIP & MANAGEMENT STRUCTURE

- ☐ ORGANIZATIONAL RESPONSIBILITIES
  - “NAVSEA IS THE STEWARD OF THE NAVY’S ORDNANCE CAPABILITY”
- ☐ NAVSEA PRODUCT AREAS AND CORE EQUITIES
- ☐ CHALLENGES ARE SIMILAR TO THOSE FACED BY INDUSTRY
  - WORKLOAD
  - FACILITIES
  - CRITICAL SKILLS
- ☐ PRODUCT AREA COALITION
  - NSWC INDIAN HEAD (LEAD)
  - NSWC DAHLGREN
  - NSWC CRANE

**“WE MUST ENSURE THAT THE RIGHT CAPABILITIES  
AND CORPORATE KNOWLEDGE SURVIVE . . .”**



# **SMCA / MIBTF TIER I AND TIER II MEETINGS**

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## **CONCLUSIONS / RECOMMENDATIONS**

### **☐ PLUSSES**

- COMMUNICATION AND DIALOGUE**
- INDUSTRY CONCERNS SURFACED / DISCUSSED**
- SECTION 806 IMPLEMENTATION DISCUSSED**
- PARTICIPANTS : INFORMED, INVOLVED, CANDID**

### **☐ MINUSES**

- GOVERNMENT PARTICIPANTS**
  - + 1 OF 5 DOD “CHARTER” MEMBERS ATTENDED TIER I**
  - + NO PEO REPRESENTATION**

### **☐ INDUSTRY RECOMMENDATIONS**

- RECONVENE TIER II EVERY 6 MONTHS - TIER I ANNUALLY**
- TRY TO MAKE SECTION 806 WORK**

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